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Institute of Museum and Library Services Grants to States Funding Formula: In Brief

November 17, 2020

Congressional Research Service

<https://crsreports.congress.gov>

R46611

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This report begins with a short overview of the Grants to States program administered by the Institute of Museum and Library Sciences (IMLS). It then examines the formula used to allocate funds under this program to states and territories. The report concludes with an illustration of the allocation formula using FY2020 as an example.

IMLS Grants to States Program Overview

The IMLS is an independent federal agency that serves as the primary administrator of grants supporting the nation's libraries and museums. The IMLS administers grants to museums and libraries in the 50 states, the District of Columbia, and Puerto Rico (hereinafter referred to as states); as well as four U.S. territories (American Samoa, the Commonwealth of the Northern Mariana Islands, Guam, and the U.S. Virgin Islands) and three freely associated states (Palau, Marshall Islands, and Federated States of Micronesia), which hereinafter are collectively referred to as territories.

The IMLS Grants to States program is both the largest source of federal funding for library services in the United States and the largest of the programs administered by the IMLS. The Grants to States program was first authorized under the Museum and Library Services Act of 1996 (MLSA). It was subsequently authorized as Title II of the MLSA of 2003 (P.L. 108-81), which was most recently amended by the Museum and Library Services Act of 2018 (P.L. 115-410). IMLS Grants to States are allocated to state library administrative agencies (SLAAs), which are official state agencies charged by law in each state with the extension and development of library services.¹ SLAAs are located in each of the states and territories. SLAAs may be located in state Departments of Education or in various other government agencies.² An SLAA may use IMLS Grants to States funds to support library initiatives and services across its state or territory, or it may distribute the funds to public, academic, research, school, or special libraries or consortia of libraries through competitive subawards or cooperative agreements.³

SLAAs differ in the functions and roles they serve within states. In addition to administering the IMLS Grants to States program and coordinating and distributing other federal funds that may be granted to a state under the Library Services and Technology Act (LSTA),⁴ some of the most common functions and activities of SLAAs include providing reference and information services to the state government; administering the state library; supporting statewide sharing of resources; administering summer reading and continuing education programs; serving as the state archives; and operating libraries for people with visual impairments, blindness, or print disabilities (e.g., dyslexia).⁵

¹ 20 U.S.C. §9122(4).

² According to the most recent SLAA survey, the state Department of Education was the single most common government agency to contain an SLAA (n=13). For further information on SLAAs, see Institute of Museum and Library Services, *State Library Administrative Agencies Survey: Fiscal Year 2018*, Washington, DC, April 2020.

³ For-profit and federal libraries are not eligible for IMLS Grants to States funds.

⁴ The LSTA is found in Subchapter II of the Museum and Library Services Act, 20 U.S.C. §9121.

⁵ Institute of Museum and Library Services, *State Library Administrative Agencies Survey: Fiscal Year 2018*, Washington, DC, April 2020.

Appropriations

For FY2020, the total amount appropriated to the states and territories under the IMLS Grants to States program was \$166,803,000 (see **Table 1**). An additional \$30,000,000 was made available to the states under the Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-136), enacted in March 2020.⁶ The state allocation formula described in this report was also used to allocate these supplementary funds to SLAAs.

Table 1. Funding Levels for the IMLS Grants to States Program, FY2018-FY2020

Fiscal Year	Total Amount Distributed to States and Territories
2018	\$160,803,000
2019	\$160,803,000
2020	\$166,803,000
CARES Act Supplementary Appropriations (2020)	\$30,000,000

Source: IMLS budget tables, available at <https://www.imls.gov/grants/grant-programs/grants-states/grants-states-manual#allotmenttables>.

IMLS Grants to States Funding Formula Overview

Under the IMLS Grants to States program, funds are distributed by formula to the states and territories. An overview of the formula is shown in **Figure 1**.

The formula includes two sets of minimum grant provisions that are used to determine guaranteed minimum grant amounts. The minimum grant amounts are written in statute and do not depend on a state’s or territory’s size or population. The formula also includes provisions delineating that after the minimum grants have been allocated, *remaining funds*—which have been the majority of funds under recent years’ funding levels—are to be allocated in accordance with states’ and territories’ proportionate shares of total population.

The following procedures are used to establish minimum grant levels:

- The first minimum grant is \$680,000 for each state and \$60,000 for each territory.⁷ If the appropriations are not sufficient to give each state its first minimum grant, then all states and territories receive a ratably reduced amount of the first minimum grant.
- Under the second minimum grant, which is applicable only if appropriations exceed the amount provided for FY2019 (\$160,803,000), the funds above the FY2019 amount are used to raise minimum grant amounts up to a maximum of \$1,000,000 for each state and up to \$100,000 for each territory.⁸

⁶ For more information about supplementary appropriations for IMLS under the CARES Act, see CRS Insight IN11409, *CARES Act Arts and Cultural Provisions*.

⁷ The \$680,000 first minimum grant amount for each state and the \$60,000 first minimum grant amount for each territory are specified in statute, 20 U.S.C. §9131.

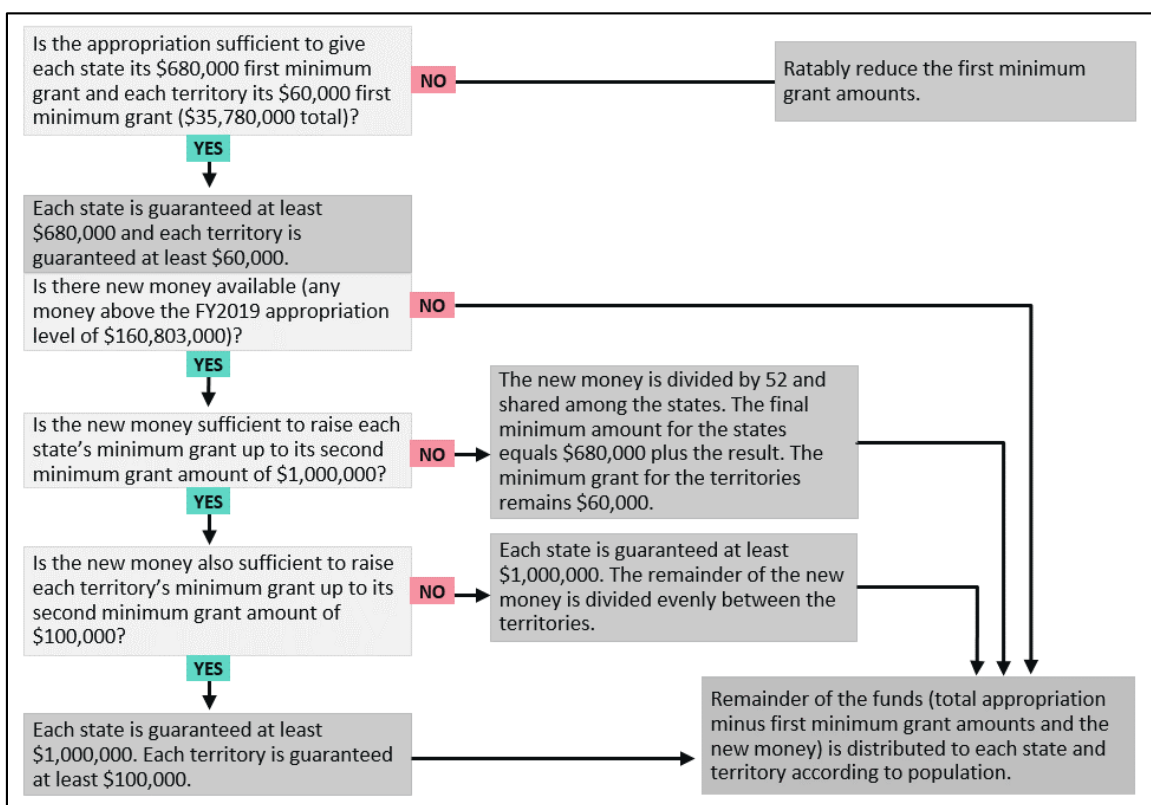
⁸ The increase to a maximum of \$1,000,000 through the second minimum grant amount for each state and the increase to a maximum of \$100,000 through the second minimum grant amount for each territory are specified in statute, 20

The nuanced minimum grant calculation is a distinctive part of the IMLS Grants to States allocation formula. Under the minimum grant provisions, each state and territory receives the applicable minimum grant amount, which functions as a base guarantee to which *remaining funds* are added. A total of \$35,780,000 is necessary to satisfy the first minimum grant provision for each state and territory.⁹

As noted above, the second minimum grant only becomes applicable if appropriations exceed the amount provided for FY2019 (\$160,803,000). An additional \$16,920,000 in funds above the FY2019 appropriation are necessary to fully satisfy the second minimum grant provision for each state and territory.¹⁰ If at least that amount is appropriated, the second minimum grant functions as a base guarantee to which *remaining funds* are added.

The *remaining funds* are then allocated to states and territories according to their proportionate share of the total population. The next section of this report explains each of these formula steps in greater detail.

Figure 1. IMLS Grants to States Program Allocation Flowchart



Source: Created by CRS based on statute and conversations with IMLS.

U.S.C. §9131.

⁹ This number is derived from 52 states receiving \$680,000 each and 7 territories receiving \$60,000 each.

¹⁰ This number is derived from increasing each of the 52 states' and 7 territories' totals from their first minimum grant amounts to the full minimum grant of \$1,000,000 for each state and the full minimum grant of \$100,000 for each territory.

Appropriations at or Below the FY2019 Level

In the case when total current-year funding available for states and territories is below the FY2019 level of \$160,803,000, then only the first minimum grant provision applies. Each state and territory is guaranteed at least the first minimum grant amount of \$680,000 or \$60,000, respectively.¹¹

The *remaining funds*, calculated by subtracting the \$35,780,000 million needed to allocate the first minimum grant amounts to states and territories from the total available funds, are then allocated to states and territories according to the proportional relationships between each state's and territory's population and the total population of all states and territories.

Appropriations above the FY2019 Level

If total current-year appropriations for the program exceed FY2019 appropriations (\$160,803,000), then both the first and second minimum grant provisions apply. In this case, each state and territory is initially allocated its first minimum grant amount of \$680,000 and \$60,000, respectively.

The difference between current-year appropriations and FY2019 appropriations is referred to as *new money*. The total amount of *new money* necessary to raise each state's minimum grant amount from \$680,000 to the second minimum grant level of \$1,000,000 and each territory's minimum grant amount from \$60,000 to \$100,000 is \$16,920,000. If the amount of *new money* is less than that, then the *new money* is divided evenly between the 52 states to give each state a new minimum grant amount above \$680,000 (the first minimum grant) and up to \$1,000,000. In this case, minimum grants to each territory remain at the first minimum grant amount of \$60,000.

If the *new money* is sufficient to provide each state with a minimum grant of \$1,000,000 but not sufficient to raise each territory's minimum grant amount to the second minimum grant level of \$100,000, the new money remaining after satisfying the second minimum grant condition for the states is divided evenly among the territories and added to each territory's first minimum grant of \$60,000.

After minimum grants are determined, *remaining funds* are distributed. The *remaining funds* are calculated by subtracting the total amount necessary (\$35,780,000) to give each state at least \$680,000 and each territory at least \$60,000 and the *new money* (the difference between the current-year appropriation and the FY2019 appropriation of \$160,803,000) used for raising state minimum grants up to the second minimum grant levels from the total appropriation. The *remaining funds* are then allocated to all states and territories according to the proportional relationships between each state's and territory's population and the total population of all states and territories.

Maintenance of Effort (MOE) Adjustment

According to Section 223(c)(1)(A)(i) of the Museum and Library Services Act of 1996, as amended, a state's allocation under the Grants to States program is reduced if the level of expenditures by that state's SLAA for the previous fiscal year is less than the average of the total of such expenditures for the three prior fiscal years. This is known as the Maintenance of Effort

¹¹ If the total available funding is below \$35,780,000, then each state's and territory's first minimum grant amount is ratably reduced.

(MOE) provision. IMLS is then required to reduce the allotment of any state or territory that did not meet its MOE requirement and did not apply for, or receive, a waiver of the requirement. Funds deducted from states not meeting the MOE requirement are then distributed across the remaining states in accordance with formula provisions. IMLS does not disclose which states have failed to meet their MOE requirement.

Formula Illustration: FY2020 State Allocations¹²

Below is an illustration of the grant allocation formula using the FY2020 IMLS Grants to States appropriation.

The FY2020 appropriation for the IMLS Grants to States program was \$166,803,000. This was sufficient to give each state its first minimum grant of \$680,000 and each territory its first minimum grant of \$60,000. Because there were sufficient funds to give each state and territory its first minimum grant, the total appropriation for FY2020 was compared to the FY2019 appropriation to determine if there was any *new money* available to increase minimum grant amounts based on the second minimum grant provision.

The total FY2020 appropriation was \$6,000,000 higher than the FY2019 appropriation, meaning that \$6,000,000 in *new money* was available for increasing state minimum grants. This was not sufficient to raise each state's minimum grant amount to \$1,000,000; in accordance with the formula described above, the \$6,000,000 was divided evenly among the states, for an additional amount of \$115,384 for each state. This amount was added to each state's first minimum grant of \$680,000 to arrive at a new state minimum grant of \$795,384 for FY2020. Because no *new money* remained, the minimum grant for the territories stayed at \$60,000.

After calculating minimum grants for the states and territories, the *remaining funds* available for grants to states and territories was determined by subtracting the amount of funds needed to meet the first minimum grant (\$35,780,000) and the *new money* used to meet the second minimum grant requirement (\$6,000,000) from the total appropriation (\$166,803,000). This resulted in \$125,023,000 in *remaining funds*, which were allocated to the states and territories based on the most recent available population data from the U.S. Census, consistent with how IMLS calculated actual pre-MOE adjusted FY2020 grants to states and territories.

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¹² Actual FY2020 state allocations, as well as state allocations for prior fiscal years and state allocations under the CARES Act supplementary appropriation, are published by IMLS at <https://www.imls.gov/grants/grant-programs/grants-states/grants-states-manual#allotmenttables>.

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